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8 **UNITED STATES BANKRUPTCY COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION**
10

11 In re
12 PG&E Corporation
13 -and-
14 PACIFIC GAS AND ELECTRIC
COMPANY,
15 Debtors.
16

Bankruptcy Case
Case No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**COUNTY OF SAN LUIS OBISPO'S
OBJECTION TO/REQUEST FOR
CLARIFICATION OF SUPPLEMENT TO
PLAN SUPPLEMENT**

- 17 ☐ Affects PG&E Corporation
18 ☐ Affects Pacific Gas and Electric Company
19 ☒ Affects Both

Confirmation Hearing: May 27, 2020
Time: 10:00 a.m.
Place: Ctr. 17
450 Golden Gate Avenue, 18th Floor
San Francisco CA 94102

[Relates to Docket Nos. 7037, 7503]

20 **All papers shall be filed in the Lead Case,*
21 *19-30088 (DM)*
22

23 On May 22, 2020, the Debtors filed their Supplement to Plan Supplement. Page 6 deleted
24 the Debtors' gas franchise agreement with San Luis Obispo County (the "County") from the List
25 of Assumed Contracts. That agreement, which is reflected in a municipal ordinance, authorizes
26 the Debtors to use public property to provide natural gas service to the residents of San Luis
27 Obispo. Pacific Gas and Electric Company does provide gas service to some County communities.
28 If the Debtors' intent is discontinue this essential service, the County objects on the grounds that:

- 1 • The franchise, which is reflected in an ordinance, creates an obligation under municipal
2 law to provide essential community services which the Debtors cannot simply abandon;
3 and
4 • Some courts have held that the Court's approval of a debtor's decision to reject requires
5 some balancing of the relative interests of the parties--*In re: Chi-Feng Huang* 23 Bankr.
6 798 801 (Bankr. 9th Cir. B.A.P. 1982) [...it is proper for the court to refuse to authorize
7 rejection of a lease or executory contract where the party whose contract is to be rejected
8 would be damaged disproportionately to any benefit to be derived by the general creditors
9 of the estate ...]; *Meehan v. Macco (In re: Meehan)* 59 Bankr. 380 (S.D.N.Y. 1986); *In re*
10 *Midwest Polychem Ltd.* 61 Bankr. 559)Bankr. N.D. Ill. 1986); in this situation, the
11 balance tips in favor of the County's interest in the continuation of an essential service for
12 its residents.

13 The Debtors' franchise with the County was not listed on the Debtors' Schedule of
14 Executory Contracts and Unexpired Leases to be Rejected Pursuant to the Plan. [Docket No. 7032,
15 Exhibit A]. The County hopes that the Debtors intend to continue to provide service under their
16 franchise and perhaps chose to delete the franchise ordinance from the List of Assumed Contracts
17 because, under §8.1 of the Plan, it was deemed to have been assumed. If so, the County asks that
18 the Debtors make that clarification to the County.

19 The County knows that the Court set a May 15, 2020 deadline for objections to the
20 Debtors' proposed rejections of executory contracts. The County asks for leave to file this
21 Objection because it addresses an action the Debtors took a week after that May 15 deadline.

22 Dated: May 26, 2020

Respectfully submitted,

23 LAMB AND KAWAKAMI LLP

24
25 By: /s/ Michael K. Slattery

26 MICHAEL K. SLATTERY

27 Attorneys for County of San Luis Obispo
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